

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

EXTENSION

NO.

C/RD

DATE

18 March 1985

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1. DD/EBS

For your review, attached is Ongoing Congressional Activity -- Budget and Supplemental.

Administrative
✓ Budget Proposal
1- Supplement

2.

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Ongoing Congressional Activity

Budget Proposals

- ° Representative Oakar who chairs the Subcommittee on Compensation and Employee Benefits of the House Post Office and Civil Service Committee held a hearing in late February on the budget proposals which were presented to the subcommittee by the Director, OPM. Agency representatives attended the hearing, and there was no support in the subcommittee for any of the budget proposals. In fact, members of the subcommittee made strong statements against the changes.
- ° Both the Senate and House Budget Committees are now reviewing these proposals and here again there appears to be little support for the Administration's recommendations on retirement.
- ° Indications are that both budget committees will come up with alternative recommendations such as:
 - a freeze on pay or on periodic step increases in FY-86 (rather than a 5% pay cut)
 - an increase in employee retirement contributions from 7% to 9%
 - freeze on COLA for retirees in FY-86
- ° There have been no indications that the budget committees will take action on any of the other retirement proposals i.e. raise in age from 55 to 65; high-3 to high-5, sick leave, etc.

Supplemental

- The Stevens' proposal is currently on the back burner primarily because of lack of support from unions.
- Stevens' next step may be to attempt to gain Democratic support and generate a bipartisan bill; however, for now, activity in the Senate is focusing on the Administration budget proposals.
- In the House, Congressman Ford (D. Michigan) who chairs the House Post Office and Civil Service Committee plans to hold several hearings on supplemental retirement issues in April, but there is no current indications as to when a specific proposal will be forthcoming. As with the Senate, current attention in the House is centering on budget issues.
- Our reading is still that the House, i.e., Ford, wants a supplemental plan with benefits equivalent to the current system and the Senate will be looking for a plan to save some money.

TO
DIPERS 3/28/85
for preparation of
memo to DDCI re
preparing for
meeting with D/OAH
on 3/29/85
JS

Discussion Points on Retirement for Meeting with Director, OMB.

- ° OMB's questions appear to be focusing on comparisons between CIARDS and Civil Service. Our intent in letter to Stockman was to demonstrate uniqueness of Agency (and its non-CIARDS employees) from rest of government, not to suggest they should be CIARDS qualified.
- ° Agency has need for a special workforce to carry out national security mission. Early retirement (unreduced annuity at 55 for non-CIARDS) is essential for maintenance of that workforce just as it is for CIARDS personnel.
- ° We are one Agency significant disparity of benefits would be devastating.
- ° Must continually stress the mission needs to have a managerial effective system rather than stressing benefits to employees.

- ° OMB's questions appear to be seeking clarification of certain mechanics of the system, (i.e., copy of regulations requested), the composition of the workforce (statistics requested), and distinction in the workforce (i.e. cover, overseas service, dangerous occupations, etc.) Biggest concern likely to be that "special" treatment of Agency Civil Service (CSRS) employees will set Government-wide precedence.
- ° The nature of OMB's questions may indicate receptivity to special consideration to CSRS employees who are serving overseas, serving under cover or are easily identifiable due to the dangerous nature of their work, and maybe missing the need for all CSRS employees to be included in age 55 retirement.
- ° How to get around precedence setting i.e. way out for Administration.
 - (1) Amend CIARDS to include all CIA employees, i.e. create second tier with Civil Service type benefits in CIARDS law.

--Need OMB blessing to pursue with Congress (we would have to sell to Congress in any event).

--This action plus exclusion of CIARDS from Administration's bill would not require any effort on Administration's part to create a special category (precedence setting) for CIA Non-CIARDS types.

- (2) Alternative is to make non-CIARDS employees a special group under the Civil Service, as is currently the case for fire fighters, law enforcement officers, etc., but 55/30 provisions for unreduced benefits. Risk - OMB may see this as precedent setting exclusion.

The pressure and nature of demands that the intelligence mission places on Agency employees produces an early burn out. The Agency retirement systems are built on this premise. The Agency is faced with major challenges requiring the employment of competent and experienced personnel in areas where we experience major drawdowns. Rehired annuitants permit the Agency the use of part-time talent with necessary skills to meet surge mission requirements. These annuitants do not have the constant pressure of continued short deadlines or supervisory responsibility. Rehired annuitants are cost effective because of the highly skilled experience we obtain at a relatively low cost. They receive only a salary, without any employee benefits such as retirement, Social Security, insurances, etc. The following shows their cost effectiveness:

Rehired Civil Service Annuitants:	216
Rehired CIARDS Annuitants:	<u>516</u>
TOTAL ANNUITANTS ON BOARD:	732

Retirement Average Grade:	GS-14 (44,430)	170 per day
		+ <u>20</u> (11.8% Benefits)
	Adjusted Total:	170 per day

Employees:	732 X 190 per day	139,080
As Annuitants	732 X 135 per day (Daily Average Rate)	<u>- 98,820</u>
	DAILY SAVINGS	\$ 40,260

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List of Things not Approved by OMB:

1. Total SIS figures requested.
2. Spousal legislative changes different from Civil Service spousal law.
3. GEHA subsidy.

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Policy File

26 March 1985

STAT

[redacted] called. Meeting with Stockman has been arranged for Friday around noontime. Going to call Comptroller's office to ask for the kinds of info you suggested. John had asked for statistics and the package (mammoth) that was sent to OMB will be helpful. However, anything else that you might have helpful to John they would like to have. Kinds of things he would like to have would how many rehired annuitants we have from CIARDS. John would like to show them that once they go out under CIARDS we do not use them unless absolutely no one else available. Think about what we can do when they come at us with statistics and what we can use to defend ourselves.

Call in the morning.

26 March 1985

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